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TO RUEHC/SECSTATE WASHDC IMMEDIATE 5981  
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEHGV/USMISSION GENEVA PRIORITY 0184  
RUEKJCS/JCS WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS JERUSALEM 001607

SENSITIVE  
SIPDIS

NEA FOR FRONT OFFICE AND IPA; EEB FOR EEB/TPP; NSC FOR  
SHAPIRO/KUMAR; DEPT PASS TO USTR, JOINT STAFF FOR LTGEN  
SELVA, TREASURY FOR KNOWLES  
USMISSION GENEVA FOR USTR

E.O. 12958: N/A

TAGS: [ETRD](#) [EAID](#) [KWBG](#) [PREL](#) [IS](#) [OVIP](#)

SUBJECT: PA SEEKS US SUPPORT FOR WTO OBSERVERSHIP

11. (U) This is an action request. Please see para 6.

12. (SBU) Summary: The PA will seek full WTO Observer status prior to the WTO's October Ministerial, according to officials at the Ministry of National Economy (MoNE). The PA's decision to pursue observer status has been taken at the ministerial level, they said, and reflected the PA's desire to build the institutions of statehood and to force needed reforms at home. PA officials plan to announce the request formally to the diplomatic community in Ramallah on September 15 and to travel to Geneva on September 21 to present their case to WTO missions. Minister Khoury requested active US support for the PA's request. End summary.

PA Seeks WTO Observer Status, Followed by Membership

13. (SBU) In a meeting on September 3, PA Minister of National Economy Bassim Khoury and MoNE Senior Advisor Saad Khatib told EconOffs the PA will seek full WTO observer status, "as part of the process of accession," prior to the October meeting of the WTO. Khoury said this decision was taken by the Council of Ministers, with the support of PA President Mahmud Abbas (Abu Mazen). Khoury said that the MoNE and the Ministry of Foreign Affairs will invite diplomatic representatives to Ramallah on September 15 to announce formally the PA's intention and to request international support. He will then travel to Geneva on September 21 to meet with WTO officials and missions.

14. (SBU) Khatib said Palestine is legally eligible to join the WTO, as the Paris Protocol recognized it as a separate customs territory, and established a customs union between the PA and GOI. He pointed to the PA's observer status at the 2005 Ministerial in Hong Kong as an indicator that the PA meets the definition of a separate customs territory, and noted the purpose of observer status is to help prepare a government for eventual membership. (Khatib passed EconOffs a background paper developed by the PA to promote their candidacy for observer status. A copy can be found on the ConGen's unclassified intelink site: [http://www.intelink.gov/communities/state/pal\\_econ/](http://www.intelink.gov/communities/state/pal_econ/).)

"WTO Accession is the Best Reform Strategy"

15. (SBU) Khatib said the PA's commitment to prepare for statehood is a strong motivating factor for this request. He noted that the discipline imposed by the WTO process will

help drive and streamline the PA's own legal, regulatory, and institutional reform efforts. Furthermore, he noted, Palestinian economic development hinges largely on its successful integration into the world trading system.

16. (SBU) Action request: Post requests Department guidance on how to respond to the PA's request for support. The PA's request appears to complement USG support for Palestinian institution-building and for the PA's economic reform agenda.

Within the legal requirements of the WTO, ConGen recommends the fullest possible support for the PA's request.

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